

## Fiscal Estimate - 2009 Session

☒ Original
 ☐ Updated
 ☐ Corrected
 ☐ Supplemental

<b>LRB Number</b> <b>09-1154/1</b>	<b>Introduction Number</b> <b>SB-087</b>	
<b>Description</b> Increasing the maximum annual loan amount under the property tax deferral loan program of the Wisconsin Housing and Economic Development Authority		
<b>Fiscal Effect</b>  <b>State:</b> <div style="display: flex; flex-wrap: wrap;"> <div style="width: 33%;"> <input type="checkbox"/> No State Fiscal Effect  <input checked="" type="checkbox"/> Indeterminate  <div style="margin-left: 20px;"> <input type="checkbox"/> Increase Existing Appropriations  <input type="checkbox"/> Decrease Existing Appropriations  <input type="checkbox"/> Create New Appropriations                         </div> </div> <div style="width: 33%;"> <input type="checkbox"/> Increase Existing Revenues  <input type="checkbox"/> Decrease Existing Revenues                         </div> <div style="width: 33%;"> <input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget  <div style="margin-left: 40px;"> <input type="checkbox"/> Yes      <input type="checkbox"/> No                         </div> <input type="checkbox"/> Decrease Costs                     </div> </div> <b>Local:</b> <div style="display: flex; flex-wrap: wrap;"> <div style="width: 33%;"> <input checked="" type="checkbox"/> No Local Government Costs  <input type="checkbox"/> Indeterminate  <div style="margin-left: 20px;">                         1. <input type="checkbox"/> Increase Costs  <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory                          2. <input type="checkbox"/> Decrease Costs  <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory                     </div> </div> <div style="width: 33%;"> <div style="margin-left: 20px;">                         3. <input type="checkbox"/> Increase Revenue  <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory                          4. <input type="checkbox"/> Decrease Revenue  <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory                     </div> </div> <div style="width: 33%;"> <b>5. Types of Local Government Units Affected</b>  <div style="display: flex; flex-wrap: wrap;"> <div style="width: 33%;"> <input type="checkbox"/> Towns  <input type="checkbox"/> Counties  <input type="checkbox"/> School Districts                         </div> <div style="width: 33%;"> <input type="checkbox"/> Village  <input type="checkbox"/> Others  <input type="checkbox"/> WTCS Districts                         </div> <div style="width: 33%;"> <input type="checkbox"/> Cities                     </div> </div> </div> </div>		
<div style="display: flex; justify-content: space-between;"> <div> <b>Fund Sources Affected</b>  <input type="checkbox"/> GPR   <input type="checkbox"/> FED   <input type="checkbox"/> PRO   <input type="checkbox"/> PRS   <input type="checkbox"/> SEG   <input type="checkbox"/> SEGS                     </div> <div> <b>Affected Ch. 20 Appropriations</b> </div> </div>		
<b>Agency/Prepared By</b>  DOR/ Daniel Huegel (608) 266-5705	<b>Authorized Signature</b>  Paul Ziegler (608) 266-5773	<b>Date</b>  3/10/2009

## Fiscal Estimate Narratives

DOR 3/10/2009

LRB Number	09-1154/1	Introduction Number	SB-087	Estimate Type	Original
<b>Description</b> Increasing the maximum annual loan amount under the property tax deferral loan program of the Wisconsin Housing and Economic Development Authority					

### Assumptions Used in Arriving at Fiscal Estimate

#### Current Law

The Wisconsin Property Tax Deferral Loan program is administered by the Wisconsin Housing and Economic Development Authority (WHEDA). The program is funded from WHEDA's surplus fund.

Under the program, a homeowner aged 65 years or older whose total household income (from taxable and non-taxable sources) is no more than \$20,000 may annually apply for a loan equal to the amount of property taxes and special assessments levied on his or her home. The maximum loan amount in a year is \$2,500. The interest rate on loans under the program is set annually. By law, the rate equals the prime lending rate, as established by the Federal Reserve Board, plus 1%. The total amount of liens and judgments, including loans under the program, may not exceed 50% of the value of the home. The principal and interest due on these loans is generally payable when the property is sold or the loan recipient ceases to live in the home.

Applications for loans under the program must be filed with by June 30 of the year in which the taxes are due for payment. Thus, for December 2008 property tax bills, the loan application must be filed by June 30, 2009.

Based on information from WHEDA for 2008, the number of new loans was 77, the total new loans were \$160,665, and the average loan was \$2,087.

#### Proposed Law

Under the bill, the maximum annual loan would be increased from \$2,500 to \$3,525, for an increase of 41%. This increase in loan amount may lead to an increase in the amount loaned under the program. Since the Department of Revenue (DOR) does not administer the loan program, the department does not have the data on how many loans are currently made at the maximum level. The DOR is therefore unable to estimate the amount by which loans under the program could increase if the bill is enacted.

The bill has no effect on local property tax collections.

The bill has no affect on DOR costs.

### Long-Range Fiscal Implications

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<b>Fiscal Effect</b>  <b>State:</b> <div style="display: flex; justify-content: space-between; margin-top: 10px;"> <div style="width: 30%;"> <input type="checkbox"/> No State Fiscal Effect  <input type="checkbox"/> Indeterminate                      <input type="checkbox"/> Increase Existing Appropriations                      <input type="checkbox"/> Decrease Existing Appropriations                      <input type="checkbox"/> Create New Appropriations                 </div> <div style="width: 30%;"> <input type="checkbox"/> Increase Existing Revenues  <input type="checkbox"/> Decrease Existing Revenues                 </div> <div style="width: 35%;"> <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget                      <input checked="" type="checkbox"/> Yes      <input type="checkbox"/> No  <input type="checkbox"/> Decrease Costs                 </div> </div> <b>Local:</b> <div style="display: flex; justify-content: space-between; margin-top: 10px;"> <div style="width: 30%;"> <input checked="" type="checkbox"/> No Local Government Costs  <input type="checkbox"/> Indeterminate                      1. <input type="checkbox"/> Increase Costs                      <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory                      2. <input type="checkbox"/> Decrease Costs                      <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory                 </div> <div style="width: 30%;">                     3. <input type="checkbox"/> Increase Revenue                      <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory                      4. <input type="checkbox"/> Decrease Revenue                      <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory                 </div> <div style="width: 35%;"> <b>5. Types of Local Government Units Affected</b>  <input type="checkbox"/> Towns      <input type="checkbox"/> Village      <input type="checkbox"/> Cities  <input type="checkbox"/> Counties      <input type="checkbox"/> Others  <input type="checkbox"/> School Districts      <input type="checkbox"/> WTCS Districts                 </div> </div>		
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<b>Agency/Prepared By</b> WHEDA/ Chris Gunst (608) 261-5930	<b>Authorized Signature</b> Chris Gunst (608) 261-5930	<b>Date</b> 3/6/2009

## Fiscal Estimate Narratives

WHEDA 3/6/2009

LRB Number	09-1154/1	Introduction Number	SB-087	Estimate Type	Original
<b>Description</b> Increasing the maximum annual loan amount under the property tax deferral loan program of the Wisconsin Housing and Economic Development Authority					

### Assumptions Used in Arriving at Fiscal Estimate

Sente Bill 87 would increase the amount that the Authority could lend annually to eligible residents to help pay property taxes by approximately \$1,000 per loan

Historically, the Authority has made approximately 75 to 250 property tax deferral loans on an anal basis. However, by increasing the size of the available loan, the Authority might see an increase in individuals participating in the program.

It is Authority's best estimate that this legislation will generate between \$20,000 and \$40,000 of loans on annual basis. We strongly believe that the Authoriy will be able to absorb this additional demand (cost) within its existing budget.

### Long-Range Fiscal Implications